

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-01 INR-07 NSAE-00 SP-02 STR-05
LAB-04 SIL-01 OMB-01 INT-05 PA-02 PRS-01 GSA-02
/070 W

-----010315 080505Z /20

R 070807Z OCT 77

FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 1795
TREASURY DEPT WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME

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BRUSSELS FOR USEEC

PARIS ALSO FOR USOECD

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: NON-FERROUS METAL STOCKPILE

REF: TOKYO AIRGRAM 063

1. AN INFORMED FINANCIAL SOURCE DISCLOSED THAT 23 JAPANESE
COMMERCIAL BANKS HEADED BY INDUSTRIAL BANK OF JAPAN HAVE
AGREED TO EXTEND 30 BIL YEN LOAN (APPROX \$115 MIL AT
CURRENT EXCHANGE RATE) TO NON-FERROUS METAL INDUSTRY AROUND
END OF THIS MONTH TO ENCOURAGE STOCKPILING OF COPPER AND ZINC
ORES, NIHON KEIZAI REPORTED OCT 3. THE ACTION, WHICH IS
APPARENTLY A RESPONSE TO THE CALL MADE IN PROGRAM OF EXTERNAL
MEASURES ANNOUNCED BY GOVT SEPT 20, IS EXPECTED TO INCREASE
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STOCKPILES OF COPPER AND ZINC BY 20,000 TONS AND
100,000 TONS, RESPECTIVELY.

2. THE BANK LOANS WILL REPORTEDLY BE MADE AT 6.5 PER-
CENT FOR THREE YEAR S EVEN THOUGH THE CURRENT PRIME
LONG-TERM LENDING RATE IS 7.6 PERCENT. THE MINISTRY OF
FINANCE (MOF) IS REPORTEDLY UNWILLING TO PROVIDE EITHER

DIRECT CREDITS OR INTEREST SUBSIDIES TO HELP FINANCE THE STOCKPILING SCHEME SO IT WILL BE FINANCED ENTIRELY BY THE BANKS. THE FAVORABLE TERMS ARE REPORTEDLY THE RESULT OF PRESSURE BY MITI TO PROD RELUCTANT BANKS TO COME UP WITH A FINANCING PACKAGE THAT WOULD BE AT LEAST AS FAVORABLE AS THE STOCKPILING SCHEMES THE GOVT SPONSORED LAST YEAR.

3. THIS EARLIER PROGRAM, INTRODUCED IN AUG 1976, PROVIDED LOANS OF 30 BIL YEN AT A 6.5 PERCENT ANNUAL INTEREST RATE. SIX BILL YEN OF THIS PROGRAM WAS FINANCED DIRECTLY FROM THE GOVERNMENT'S FISCAL LOAN AND INVESTMENT PROGRAM. THE BALANCE WAS PROVIDED BY THE BANKS WITH THE GOVT SUBSIDIZING THE INTEREST DIFFERENTIAL. AS A RESULT OF THIS PROGRAM, BY NOV 1976 50,000 MT OF COPPER, 12,000 MT OF ZINC AND 9600 MT OF ALUMINUM WERE STOCKPILED BY THE STOCKPILING ASSN (REFAIR).

4. BECAUSE OF SLOW RECOVERY OF MANUFACTURING OUTPUT, DEMAND FOR THESE NON-FERROUS METALS HAS BEEN WEAK, INVENTORIES REMAIN HIGH, AND REFINERS HAVE BEEN CONSIDERING IMPORT CUTBACKS. PRODUCERS' ELECTROLYTIC COPPER STOCKS ARE NOW REPORTED TO AMOUNT TO 150,000 TONS AND REFINED ZINC STOCKS ARE PLACED AT MORE THAN 200,000 TONS.
MANSFIELD

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NNN

Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
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